

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES *
October 22, 2014

AGENCY MEMBERS PRESENT

Johnson, D. Lynn, Chair
Doolittle, Robert S., Vice-Chair
Burns, Charlotte
Byrd, Claudia
Fleming, Martin, M.D.
Flora, Mark, M.D.
Wright, James
Austin, Jaclyn, designee for the Comptroller of the Treasury
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance

AGENCY MEMBERS ABSENT

Gaither, Keith, designee for the TennCare Director
Mills, Thom

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Christoffersen, Jim, General Counsel
Craighead, Alecia, Statistical Analyst, III
Earhart, Phillip, HSD Examiner
Farber, Mark, Deputy Director
Finchum, Rhonda, Administrative Officer
Grimm, Jeff, HSD Examiner

COURT REPORTER

Deen, Meschelle Manley

GUESTS PRESENT

Adams, Austin, Esq., Trauger & Tuke
Alexander, Don, Director, Economic Operations, McMinnville-Warren County Industrial Development Board
Barrett, Bob, CFO, HighPoint Health System
Bayles, Julia, Assistant Director, TDH, Division of Health Planning
Berry, Beth, Esq., Tennessee Hospital Alliance
Braber-Grove, Sandra, Esq., Tennessee Department of Mental Health and Substance Abuse Services
Brannon, Dean, Director of Admissions, Green Hills Health & Rehabilitation
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP
Brotherton, Matthew, Esq., Kramer Rayson, LLC
Buell, Jennifer, HR Vice President, TriStar Centennial Medical Center
Burck, Harry, M.D., McMinnville Medical Associates
Burton, Lucas, M.D., Premier Orthopaedics
Byram, Mark, M.D., ED Director, TriStar Centennial Medical Center
Cherry, Sandy, Director, Vanderbilt University Medical Center

Calendine, Chad, President, ADI
 Christie, Michael, M.D., Southern Joint Replacement Institute
 Clayton, Matt, M.D., Southern Joint Replacement Institute
 Culp, Joe, CON Program, TDH
 DeBoer, David K., M.D., Southern Joint Replacement Institute
 Duncan, Bruce, Assistant Vice President, National HealthCare Corporation
 Duncan, Gary, HCA
 Dyer, Janice, MHCS
 Elrod, Dan H., Esq., Butler Snow
 Estes, Blake, Executive Director, Strategy & Planning, Saint Thomas Health
 Felts, Ginna, Business Development, Vanderbilt University Medical Center
 Glenn, Kimberly, Ph.D, State Health Department
 Golden, Jeffrey
 Godrey, Matt, Director, Saint Thomas Health
 Gooch, Warren L., Esq., Kramer Rayson, LLP
 Gott, Kristie, Saint Thomas Health
 Gross, Gary
 Gwyn, Andrea, Associate COO, TriStar Centennial Medical Center
 Hadfield, Chelsey, Esq., Bradley Arant Boult Cummings, LLP
 Hampf, Carl R., M.D.
 Heltzel, Lisa, Vice President, BD, Sava Seniorcare, LLC
 Herman, Michael, Chief Operating Officer, Sumner Regional Medical Center
 Heusinkveld, David C., M.D., TriStar Centennial Medical Center
 Hill, Ronald, Consultant, Business Development, Vanderbilt University Medical Center
 Hodrick, Jeffrey T., M.D., Southern Joint Replacement Institute
 Hunt, Tammy, Director of Operations for HCA Physician Services
 Karpos, Phil, M.D., Tennessee Orthopaedic Alliance
 Kimbell, Kevin, Analyst, The Strategy House, Inc.
 Kirby, Penny, CNO, River Park Hospital
 Limyansky, Robert, Partner, The Strategy House, Inc.
 Looney, Kim Harvey, Esq., Waller Lansden Dortch & Davis
 Love, Robert, M.D.
 Mazzo, Joseph, COO, River Park Hospital
 Mercer, Brian, COO, HCA
 McGill, Tim, CEO, River Park Hospital
 McIntosh, Barbara
 Merville, LaDonna, Vice President, Hospital Alliance of Tennessee
 Montgomery, Scott, CFA, Advantage
 Moore, Carl
 Moreland, Michael, TBG, ADI
 Morrison, Craig, M.D., Southern Joint Replacement Institute
 Moyes, Philip, M.D., Rad Alliance
 Nelson, Erik, Consultant, The Strategy House, Inc.
 Orlich, Cathleen, Senior Consultant, Vanderbilt University Medical Center
 Patten, Daniel, Esq., Waller Lansden Dortch & Davis
 Patterson, E.J., Director, Saint Thomas Health
 Quinn, Robert, M.D., TriStar Centennial Medical Center
 Reddish, Reiner, Government Affairs, THCA
 Reed, Ann, R., RN, BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities
 Rogers, Jason, M.D., Southern Joint Replacement Institute
 Rohan, Heather, President/CEO, TriStar Centennial Medical Center
 Rolfe, Billy, Regional Vice President, United Surgical Partners International
 Sansing, Trent, CON Director, TDH
 Sherry, Bernie, CEO, Saint Thomas West Hospital and Saint Thomas Midtown Hospital
 Sims, Amber, MBA, FACHE, CMPE, Vice President, Saint Thomas Health Alliance
 Shroff, Divya, M.D., Chief Medical Officer, TriStar Centennial Medical Center
 Springer, Karen, COO, Saint Thomas Health
 Stabile, Michael, M.D., Anesthesia Medical Group

Staub, Selina, Director, TriStar Centennial
Stewart, David, M.D., HCA
Stewart, Katherine Jane, Regional Mental Health Center Director, Volunteer Behavioral Health Care
Summers, David, CFO, HCA
Swearingen, Travis B., Esq., Butler Snow
Taylor, Jerry W., Esq., Stites & Harbison, PLC
Trauger, Byron R., Esq., Trauger & Tuke
VanDevender, Karl, M.D., TriStar Centennial Medical Center
Vetter, Stacia, Assistant Vice President, National Healthcare Corporation
Walsh, Blake, Esq., Waller Lansden Dortch & Davis
Wellborn, John L., Consultant, Development Support Group
Winters, John, Esq., Kramer Rayson LLP
Wockenfuss, Gene, Administrator, Good Samaritan Society
Yates, Riley

ROLL CALL TO ESTABLISH QUORUM

Mr. Johnson requested roll call to establish quorum.

PRESENT: Jordan, Flora, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson

Nine members present.

Agenda was taken out of order as note below:**

APPROVAL OF MINUTES

Mr. Johnson presented September 24, 2014 minutes for approval.

Ms. Jordan moved for approval of the minutes as presented. Mr. Wright seconded the motion. The motion CARRIED [9-0-0]. **APPROVED by unanimous voice vote**

AYE: Jordan, Flora, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson
NAY: None

STATE HEALTH PLAN UPDATE

Julia Bayles, Assistant Director, Division of Health Planning, Department of Health, presented a brief update as follows:

1. The final draft of the 2014 State Health Plan will be sent to the HSDA staff by the end of the month. Updated criteria and standards for nursing home, home health, hospice and the discontinuance of obstetrical services will be included;
2. Inpatient psychiatric beds questionnaire feedback has been received; and
3. Joint Annual Report (JAR) revision process continues. Home health services revisions will be sent to HSDA staff in November; hospital revisions will continue with a target completion in February. The goal is have to have the revised JAR in effect for the 2016 JAR cycle.

****Agenda taken out of order:**

CERTIFICATE OF NEED APPLICATIONS

- Item A - River Park was presented before Executive Director's Announcements and Consent Calendar, Item A. Sumner Regional Medical Center, CN1408-036; and
- Item B - Good Samaritan Society – Fairfield Glade, CN1407-031 was presented as the last item prior to the General Counsel's Report.

Mark Farber summarized the following CON Application:

River Park Hospital, LLC - (McMinnville, Warren County, TN) - Project No. CN1407-030

The initiation of inpatient geriatric psychiatric services and the conversion of ten (10) medical/surgical beds to geriatric psychiatric beds. The estimated project cost is \$1,199,250.00.

Warren L. Gooch, Esq., addressed the Agency on behalf of the applicant. Speaking in support were: Tim McGill, CEO, River Park Hospital; Harry Burck, M.D., McMinnville Medical Associates; and Katherine Jane Stewart, Regional Mental Health Center Director, Volunteer Behavioral Health Care. Present in support were: Joseph Mazzo, COO, River Park Hospital; Penny Kirby, CNO, River Park Hospital; Don Alexander, Director of Economic Operations, McMinnville-Warren County Industrial Development Board; and Jeffrey Golden.

Applicant waived summation.

Ms. Burns moved for approval of the project for the initiation of inpatient psychiatric services and conversion of 10 existing licensed medical/surgical beds to geriatric psychiatric beds based on: 1) Need – There is a need for additional geriatric psychiatric services in the 6 county service area based on the fact that there is only 1 other unit in the area that is operating at approximately 84% percent occupancy, and the fact that the program will serve the population segment that is expected to experience the greatest percentage of growth in the next few years. The need is also evidenced by the letters of support written by various health care providers in the service area; 2) Economic Feasibility – The project is economically feasible based on the fact it's using cash reserves, and it shows positive financial results for this service in years 1 and 2; and 3) It does contribute to the orderly development of adequate and effective health care by improving access to psychiatric services in the service area, and it will not negatively impact any of the existing providers. It will also be available for both voluntary and involuntary admissions, which will help reduce inappropriate emergency department utilization. Mr. Wright seconded the motion. The motion CARRIED [9-0-0].

APPROVED

AYE: Jordan, Flora, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson

NAY: None

****III. EXECUTIVE DIRECTOR'S ANNOUNCEMENTS**

Melanie Hill, Executive Director, made general announcements regarding the following:

- 1) Instructions were provided for those providing testimony on the scheduled agenda items;
- 2) Six for November, 5 for December, and possibly 2 in January; and
- 3) November and December meetings will be held on the third Wednesday of the month instead of the fourth due to the holidays – Meeting dates are November 19th and December 17th.

CONSENT CALENDAR APPLICATIONS

Melanie Hill summarized the following Consent Calendar Application:

Sumner Regional Medical Center (Sumner Station Campus) - (Gallatin, Sumner County, TN) - Project No. CN1408-036

Ms. Burns recused.

The relocation of the linear accelerator service from the main campus at 555 Hartsville Pike, Gallatin (Sumner County), TN to the Sumner Station outpatient campus located at 225 Big Station Camp Boulevard, Gallatin (Sumner County), TN, a distance of approximately 6.9 miles. The project will require a build out of approximately 9,150 SF of existing space and 1,570 SF of new construction. The existing linear accelerator will be upgraded and replaced. The estimated project cost is \$10,512,421.00.

Ms. Hill noted that the project was not opposed and it met the statutory Certificate of Need criteria as follows: 1) Need—The relocation will provide easier access to the only radiation services provided in Sumner and Macon Counties, which is especially important given the high cancer rates in these counties; 2) Economic

HEALTH SERVICES AND DEVELOPMENT AGENCY

OCTOBER 22, 2014 MEETING

- PAGE 4 -

Feasibility – The project will be funded by cash reserves of the parent company and is projected to have positive net operating income less capital expenditures in year 1; and 3) Contribution to the Orderly Development of Health Care –The project does not duplicate existing services nor does it increase the cost associated with it. It simply relocates an existing service to a more convenient, consumer friendly location, which is extremely important given the volume and length of treatment times in radiation therapy.

Dan H. Elrod, Esq., was available to address the Agency on behalf of the applicant and present in support were Michael Herman, Chief Operating Officer, Sumner Regional Medical Center, and Bob Barrett, CFO, HighPoint Health System.

Ms. Jordan moved for approval of the project based on the criteria set forth in Ms. Hill's memo. Mr. Doolittle seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Flora, Wright, Doolittle, Austin, Fleming, Byrd, Johnson
NAY: None

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON Application:

TriStar Centennial Medical Center - (Nashville, Davidson County, TN) - Project No. CN1407-032

Ms. Burns recused and Dr. Flora left meeting.

For construction and renovation to the hospital that includes: 1) The development of a Joint Replacement Center of Excellence that will include 10 additional operating rooms; 2) updates to the emergency department that will improve workflow; and 3) the addition of 29 medical/surgical beds which will increase the total licensed beds from 657 to 686. The estimated project cost is \$96,192,007.00.

Jerry W. Taylor, Esq. addressed the Agency on behalf of the applicant. Speaking in support were: Heather Rohan, President/CEO, TriStar Centennial Medical Center; Michael Christie, M.D., Southern Joint Replacement Institute; Karl VanDevender, M.D., TriStar Centennial Medical Center; Mark Byram, M.D., ED Director, TriStar Centennial Medical Center; and Lucas Burton, M.D., Premier Orthopaedics. Present in support was John L. Wellborn, Consultant.

Speaking in opposition were: Warren L. Gooch, Esq. representing Saint Thomas West Hospital and Saint Thomas Midtown Hospital; Bernie Sherry, CEO, Saint Thomas West Hospital and Saint Thomas Midtown Hospital; Carl R. Hampf, M.D., on behalf of Phil Karpos, M.D., Tennessee Orthopaedic Alliance, (having been called away from meeting due to emergency surgery) read into the record Dr. Karpos' opposition statement; Byron R. Trauger, Esq., representing Baptist Women's Health Center, LLC d/b/a Saint Thomas Hospital for Specialty Surgery; and Carl R. Hampf, M.D. Present in opposition were: Robert Limyansky, Partner, The Strategy House, Inc.; Blake Estes, Executive Director, Strategy & Planning, Saint Thomas Health; and Karen Springer, COO, Saint Thomas Health.

Mr. Taylor rebutted.

Mr. Sherry provided opposition summation.

Mr. Taylor provided applicant summation.

Mr. Doolittle moved for approval of the project for construction and renovation of a new Joint Replacement Center of Excellence, including 10 ORs and updating an ER department, and the addition of 29 med/surg beds based on: 1) Need – The transference of the practice, which has a substantial existing practice, over to Centennial is a foregone conclusion, and the fact that they are so well established and well thought of in the community means that they are meeting a need and the need seems to be growing. The additional beds, while they are controversial, are a very small part of the addition to the pie in the local area, and find it rational that new beds should be adjoining the new ORs; 2) Economic Feasibility – The financial viability of the project is not in question because of the backing of HCA; and 3) The project does contribute to the orderly development of adequate and effective health care as it will create another fine joint replacement

center in our area, Davidson County, and surrounding areas. Ms. Jordan seconded the motion. The motion CARRIED [5-1-1]. **APPROVED**

AYE: Jordan, Doolittle, Austin, Byrd, Johnson
NAY: Fleming
ABSTAINED: Wright

Melanie Hill summarized the following CON Application:

Good Samaritan Society--Fairfield Glade - (Crossville, Cumberland County, TN) - Project No. CN1407-031

The addition of 30* dually certified beds to its existing 30 bed nursing home for a total of 60 beds. The estimated project cost is \$6,520,495.00.

*These beds are subject to the 125 Nursing Home Bed Pool for 2014-2015.

Michael D. Brent, Esq., addressed the Agency on behalf of the applicant. Responding to questions by members was Gene Wockenfuss, Administrator, Good Samaritan Society. Present in support of the project was Chelsey Hadfield, Esq.

Applicant waived summation.

Mr. Wright moved for approval of the project based on: 1) Need – The need has been established by the bed formula projected needs versus the current supply of beds in the service area, as well as, projected population growth for that area; 2) Economic Feasibility – The economic feasibility is met by cash reserves and tax exempt bonds; and 3) The project does contribute to the orderly development of adequate and effective health care by providing these needed services to the service area. It is supported by community and government leaders in the area. There is no opposition to the project by competitive providers. Ms. Byrd seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Jordan, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson
NAY: None

GENERAL COUNSEL'S REPORT

Jim Christoffersen presented the following updates for the General Counsel's Report:

Karing Hearts Cardiology Cardiac PET Service - (Johnson City, Washington County, TN) - Project No. CN1311-046A

Request for a project cost over-run of \$133,421 (from \$391,585 to \$525,006). The project cost increases are due to the following reasons: 1) The PET unit was purchased not leased; and 2) Moving the equipment from required unforeseen special transport measures. This project was approved on February 26, 2014 for the acquisition of a Cardiac PET equipment and initiation of services (replacing CN1304-014A the previously approved, unimplemented and now surrendered). This project is implemented and the service is operational.

Deferred to the November Meeting

CONTESTED CASES UPDATE

Mr. Christoffersen provided an update on contested cases.

ADJOURNMENT

Ms. Jordan moved to adjourn. Mr. Wright seconded. The motion CARRIED [8-0-0]. **APPROVED by unanimous voice vote**

AYE: Jordan, Wright, Doolittle, Burns, Austin, Fleming, Byrd, Johnson
NAY: None

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director

MMH/mab

* Minutes provide only a brief staff summary of the meeting and are not intended to be an all-inclusive report. The HSDA maintains a detailed record of each meeting (recording and transcript) that is available upon request by contacting the HSDA office at 615-7412364.